

# Stocks back to black after nine red sessions

STAR BUSINESS REPORT

Stocks broke a nine-day losing streak to return to the black yesterday, on the back of optimistic investor buying.

DSEX, the benchmark general index of Dhaka Stock Exchange, gained 32.53 points or 0.74 percent, to close at 4,376.89.

The market gauge lost 142.71 points in the last nine trading days.

The shariah index, DSES, accelerated 7.85 points or 0.79 percent to 998.

The market returned to the positive territory with investors' concentration on lucrative scrips, said IDLC Investments, an investment banker.

Last few sessions' continuous erosion lured in some participants to park fresh funds in undervalued stocks and created a natural rebound.

Turnover rose 24.10 percent to Tk 186 crore from the previous day, but sluggishness still prevailed as investors watched macroeconomic developments.

"Besides, they seemed more cautious ahead of Eid-ul-Fitr," IDLC

Investments said.

Investors showed up with strong positions from the beginning of the trading session mostly in pharma, engineering and fuel stocks, said LankaBangla Securities.

Of the major sectors, cement, engineering and miscellaneous led the market with 2.5 percent, 2 percent and 2.9 percent returns. Non-bank financial institutions lost 0.15 percent.

The gainers took a strong lead over losers with 193 to 56, while 42 remained unchanged out of the 192 issues traded on the DSE.

Beximco became the top turnover leader with 67.62 lakh shares worth Tk 23 crore changing hands followed by Grameenphone, Square Pharma and Olympic Industries.

A total of 0.49 lakh trades were executed with 4.62 crore shares and mutual fund units changing hands on the Dhaka bourse.

Fine Foods saw the highest gains among listed stocks, posting an 8.55 percent rise, while Midas Financing was the worst loser, shedding 7.55 percent.

## IMF cuts eurozone 2014 growth forecast

AFP, Brussels

The IMF cut its 2014 growth forecast for the eurozone on Monday, warning that the recovery in the single currency bloc was "neither robust nor sufficiently strong."

In an annual report on the eurozone, the International Monetary Fund said growth this year would reach 1.0 percent instead of the 1.1 percent earlier forecast. The estimate for 2015 remained at 1.5 percent.

"We acknowledge there is recovery but a lot more needs to be done," said Mahmood Pradhan, Deputy Director of the IMF's European Department, in a conference call presenting the report.

The Washington-based IMF recommended eurozone policy-makers adopt measures to boost demand, reinforce banks, and pursue structural reforms that applied to all 18-member countries, including ways to fight youth unemployment.

The IMF praised monetary measures decided in June by the European Central Bank, which included negative interest rates and fresh financing for lenders, and said proof of their effectiveness could take time.

If the measures fall short however, the IMF urged even more stimulus, including so called quantitative easing embraced by the United States, Britain and Japan, but so far resisted by the more conservative ECB.

The IMF also urged reforms to help businesses replace their dependency on banks for credit with the use of bonds and other methods of raising fresh funds.

## Volkswagen to invest \$900m in new US model

AFP, Frankfurt

German auto giant Volkswagen said Monday it will invest \$900 million (643 million euros) to build a new sports utility vehicle (SUV) in Chattanooga, Tennessee from 2016.

"The Volkswagen group is expanding its industrial footprint in the US," the carmaker said in a statement.

"The board of directors has decided to award the production of the new midsize SUV to the Chattanooga plant in Tennessee. The group will be investing a total of approximately \$900 million in the production of a newly developed, seven-passenger SUV, and creating 2,000 additional jobs in the US," the statement said.

## Midas Finance gets new DMD

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Md Russel Shahrir has recently joined Midas Financing as deputy managing director, the company said in a statement yesterday.

Shahrir previously served IIDFC as executive vice president and head of SME finance, green banking and IT division. He also worked with United Leasing Company as head of credit and small enterprise, according to the statement.

He started his career as project analyst in industrial credit division of BASIC Bank. Shahrir holds a master degree in advanced engineering management from industrial and production engineering department of BUET.



## Citigroup to pay \$7b to settle US mortgage claims

AFP, New York

Citigroup will pay \$7 billion to settle claims it misled investors about mortgage-linked securities ahead of the financial crisis in the latest US crackdown on a banking giant, officials said Monday.

US Attorney General Eric Holder, calling Citi's conduct "egregious," said the investigations showed the bank concealed defects in loans, misrepresented facts --including the level of risk in mortgages--and made false statements to investors.

Citigroup acknowledged its misdeeds under the terms of the settlement agreement.

The agreement includes a \$4 billion civil penalty, the largest of its kind under a financial enforcement recovery law, the Justice Department said.

"This historic penalty is appropriate given the strength of the evidence of the wrongdoing committed by Citi," Holder said. "The bank's activities contributed mightily to the financial crisis that devastated our economy in 2008."

While the settlement takes care of civil claims against Citi, it does not release individuals from civil charges, or release Citigroup and individuals from potential criminal prosecution.

"We believe that this settlement is in the best interests of our shareholders, and allows us to move forward and to focus on the future, not the past," said Citigroup chief executive Michael Corbat.

Under the mortgage settlement, Citigroup will pay \$4.5 billion in cash and \$2.5 billion in consumer relief.

The cash component, in addition to the \$4 billion civil penalty, includes \$500 million in compensatory payments to states attorneys general and the Federal Deposit Insurance Corporation.

Consumer relief includes financing for the construction of affordable rental housing and mortgage loan principal reduction.

The Citi settlement comes amid a broader US government fraud crackdown on large banks, and follows a similar \$13 billion US mortgage deal with JPMorgan Chase. The government also is in talks with Bank of America about a potential settlement.



Shiekh Mohammad Maroof, deputy managing director of City Bank, and Mohammad Khairuzzaman, country head of Trans-Fast in Bangladesh, attend the signing of an agreement at a programme recently for international money transfer services.



Habibur Rahman, deputy managing director of Prime Bank, and Mofizur Rahman, managing director of Novoair, attend the signing of an agreement at a programme recently for the bank's JCB credit cardholders to get 15 percent discount on domestic air tickets of the airline.

## Electronics retailers join Eid shopping bonanza

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"I held off my TV purchase until Eid as I was expecting leading electronics brands to offer discounts for the festival -- and they did," he said.

Likewise, Singer Bangladesh, which stocks world-famous brands like Samsung, Whirlpool, Toshiba, Moulinex, Sebec, Tefal and Prestige, is offering "up to 100 percent discount" in many of its appliance categories, according to Raziur Rahman, the company's marketing manager.

When customers purchase a refrigerator from Singer, they would receive a scratch card that would mention the rate of discount applicable. Some scratch cards have 100 percent discount imprinted on them, meaning the refrigerator would be free of cost.

The company is also offering Tk 20,000 cash discount on LED televisions.

"We are getting good response from this promotion," Rahman added.

Samsung is offering instant cash back of up to Tk 15,000 on its smartphones, said Hasan Mehdi, head of mobile of Samsung Bangladesh.

"Everyone wants a smartphone during Eid, so we are making it more affordable," he added.

Taking up on the offer was Masud Muntakim, a student at a private university, who bought a Samsung S4 handset for Tk

36,000, which normally costs Tk 41,000. "I am very happy with the offer."

Butterfly Group, which owns the exclusive distribution rights for LG products in the country, has extended 20 percent discount on refrigerators, 50 percent on sound systems if customers buy televisions and 3 percent discount on washing machines.

"Offering discount is a promotion of our products as sales are always higher on the eve of Eid," said KMA Wares Rubel, assistant branch manager of Butterfly at Gulshan.

The company has also increased the warranty period for refrigerator compressors from five years to 10 years and washing machine motors from one year to five years.

Rubel said the discounts would not affect the company's revenue as sales get a boost from them.

Joining in the discount act as well was Panasonic, which is offering 10 percent discount on home theatres if customers buy televisions and 5 percent discount on refrigerators, washing machines, microwave ovens, cameras and mobile phones.

"We have offered discounts to boost sales as people have extra budget in Ramadan for buying electronics appliances," said Mahfuz Alam, marketing manager of Panna Electronics, an authorised dealer of Panasonic.

## India caps price of 108 more medicines

REUTERS, Mumbai

India has capped the prices of more than 100 drugs used to treat diseases ranging from diabetes to HIV, a move likely to hit the profit margins of drug firms such as Sanofi SA, Abbott Laboratories and Ranbaxy Laboratories Ltd.

The drug pricing regulator's decision, aimed at improving affordability, was slammed by the drugmakers in India, where prices of generic drugs sold are already low compared with international markets.

India, an emerging market for drugmakers, last year raised the number of drugs that are subject to price control to cover up to 30 percent of the total medicines sold in the country, according to industry officials.

"While we appreciate the government's intent to improve affordability ... the manner and method in which this unilateral decision has been taken, is untenable," Sanofi India's Managing Director Shailesh Ayyangar said on Monday.

"We are evaluating the impact of this order on our ability to continue offering our products with the same value proposition," he said, adding the decision has "shocked and disappointed" the pharmaceutical industry.

The notice by the National

Pharmaceutical Pricing Authority (NPPA), published on its website on Friday, coincides with moves by the health ministry to widen the list of essential medicines that will be subject to a price cap, people familiar with the matter said last month.

The move is aimed at making medicines more affordable in a country where 70 percent of the population lives on less than \$2 a day. More than four-fifths of India's 1.2 billion also have no health insurance.

The new price caps took effect on July 11, an NPPA official said. Injeti Srinivas, who took charge as NPPA's chairman in June, was not immediately available for comment.

"This is very unexpected and unfortunate. One would expect them to proceed with revising the list of essential medicines, but this has caught people by surprise," said Sujay Shetty, PwC's India leader of pharmaceuticals and lifesciences.

"They should have done a little more thinking and consultations. This way, they're going to drive out the better players from the market, and the quality of drugs could be compromised."

Shares in Sanofi India closed down 10 percent at 2,923.05 rupees on Monday and Ranbaxy fell 0.4 percent to 553.70 rupees, while the main Mumbai market

index ended little changed from its previous close.

Analysts at Nomura on Sunday named Sanofi India, the Indian unit of French drugmaker Sanofi, Abbott Healthcare Private Ltd, a unit of U.S.-based Abbott Laboratories, and local firm Ranbaxy as among companies that will be most impacted by the price cap. Abbott and Ranbaxy did not respond to requests for comment.

"Though the impact is limited, the move by the NPPA has increased the risk of additional controls in the future," Nomura analysts Saion Mukherjee and Lalit Kumar wrote in the report.

The drug pricing regulator invoked a rarely-used provision that gives the agency the right to fix the prices of any drug "in extraordinary circumstances, if it considers necessary so to do in public interest."

A spokesman for Dr. Reddy's Laboratories Ltd, India's second-largest drugmaker by sales, said the company was assessing its next step, but does not expect the price caps to have a material impact on its financial results.

"At an industry level, there may be some discussion to see whether one can challenge this," he said, but added that the regulator's decision to invoke the "public interest" provision would make the options limited.



Shah A Sarwar, managing director of IFIC Bank, and Md Rafiqul Islam, principal of Lalmatia Mohila College, attend the signing of a deal at a programme recently. The bank will provide the college with payroll and other banking services.



Alauddin A Majid, chairman of BASIC Bank, presides over the first meeting of the new board at its head office in Dhaka recently. Directors Begum Parag, Hasan Mahmood, Begum Raihana Aneesa Yusuf Ali, Md. Mamun-Al-Rashid, Mojib Uddin Ahmed and Managing Director Fazlus Sobhan were also present.

## Boeing to launch new 737 MAX with more seats

AFP, London

US aerospace giant Boeing said Sunday it would launch an upgraded version of its 737 MAX airliner with new engines and more seats aimed at low-cost airlines.

CEO Ray Conner told journalists at the Farnborough Air Show in Britain that the plane would have around 200 seats in an economy-class configuration.

Her company has not received any orders for the twin-engine, single-aisle plane yet, but "we're looking forward to competing whenever it comes up," Conner said.

The Boeing 737 MAX planes are a family of mid-range airliners with new more efficient engines that will compete with the new Airbus A320 Neo.

The new version will have 11 more seats than the current 737 MAX 8, after the addition of a door on either side of the fuselage to comply with evacuation regulations, Conner said.

The original twin-jet 737 first entered service in 1968. Boeing meanwhile said it had nothing to fear from a new version of the wide-body Airbus A330 that the European manufacturer may announce at Farnborough this week.

## 500 garment units facing problems in paying salary, bonus

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On the arrears of five garment factories of Tuba Group, Azim said the BGMEA held meetings with banks to help arrange loans for the group, which recently received work orders worth around \$1.8 million.

But the banks did not agree to give loans as its owner is in jail for the fire incident at Tazreen Fashions, a concern of the group, according to Azim.

A total of 112 workers died in Tazreen Fashions fire in Ashulia on November 24, 2012.

Nazma Akter, president of Sammito Garment Sramik Federation, a platform of workers, said the labour and employment minister will hold a meeting with trade union leaders today to find a solution on how to pay the workers of Tuba Group.

Workers of many factories are demanding full salary of July and additional leave during the Eid vacation, she said.

The total number of active factories in the country is 4,000 that employ more than 3.5 million workers, most of whom go to villages to celebrate Eid.

## 18 firms seek \$184m in foreign loans

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The rate of interest on both the loans is 6 percent. Matin Knitwear Ltd, a 100 percent export oriented company, will take \$1.11 million from City Bank at an interest rate of three-month Libor plus 4.5 percent to be repaid in monthly instalment within five years.

The company in its proposal said they would spend the loan to refinance the high-cost existing term loans in taka created for machinery imports.

Four other companies including Walton Hi-Tech Industries Ltd have sought extension of their earlier approved loans amounting \$17 million.